

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

AGENDA

WEDNESDAY, NOVEMBER 12, 2014

(Immediately Following the Retirement Board of Trustees' Meeting @ Approximately 2:30 P.M.)

**COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708**

PAGE	
	I. CALL TO ORDER
	II. ROLL CALL
	III. MINUTES
1 - 3	I. OCTOBER 14, 2014 REGULAR MEETING
	IV. PUBLIC INPUT
	A. THE BOGDAHN GROUP - PETER BROWN
	I. 2014 THIRD QUARTER REPORT
4	B. PORTFOLIO VALUE 1/31/14 - 10/31/2014
5 - 16	C. MONEY MANAGER REPORTS
	I. ATALANTA SOSNOFF - PORTFOLIO ENDING 9/30/14
	2. C.S. MCKEE - PORTFOLIO ENDING 9/30/14
17 - 22	D. RECAPTURE SERVICES
	I. CAPIS - ENDING 7/31/2014, 8/31/2014, 9/30/2014
23 - 25	E. VEBA YTD BUDGET REPORT 10/31/2014
26 - 29	F. 2015 BUDGET UPDATE
	V. ANNOUNCEMENTS
	A. NEXT REGULAR MEETING - TUESDAY, DECEMBER 9, 2014 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 TH FLOOR, BAY CITY, MI 48708
	VI. UNFINISHED BUSINESS
	VII. NEW BUSINESS
	VIII. MISCELLANEOUS BUSINESS
	IX. ADJOURNMENT

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (**VEBA**)
OCTOBER 14, 2014 MINUTES

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NOTE: In addition to these typed minutes, this Board meeting was also taped. These tapes are available for review in the Retirement Office.

The meeting of the Board of Trustees was held on October 14, 2014 at 2:41 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll was taken.

Trustees Present: Chairperson Gray, Mr. Brzezinski, Mr. Gromaski, Mr. Herek, Mr. Morse, Mr. Pett, Mr. Starkweather, and Ms. Goetz.

Trustees Absent: Mr. Coonan

Also Present:

Consultant: The Bogdahn Group: Howard Pohl and Peter Brown.

Finance Officer: Crystal Hebert

Retirement Administrator: Rebecca Marsters

Corporation Counsel: Shawna Walraven

Corporation Counsel/Personnel Director: Timothy Quinn

Attorney: Thomas Michaud

Public: Yes

Actuaries: Gabriel Roeder & Smith - Jim Anderson, Shana Neeson

The meeting was called to order by Chairman, Steve Gray at 2:41 p.m.

1. Moved, supported and carried to excuse Trustee Coonan.
2. Moved, supported and carried to approve the minutes, as presented, from the September 9, 2014 meeting.

Mr. Gray called for public input. As there was no public input, he moved onto petitions and communications.

3. Moved, supported and carried to receive the Portfolio Value from 1/1/13 - 9/30/2014 Today's value is \$39,397,998.86.
4. Moved, supported and carried to receive portfolio reports from C.S. McKee ending 8/31/2014 and 9/30/2014.
5. Moved, supported and carried to receive the VEBA year-to-Date Budget Report as of 9/30/2014.

2015 Budget update:

Ms. Hebert stated that at this time there were no changes to the budget that the Board adopted. She believed they may bring back some recommendations on the VEBA budget for the next meeting for the Board to adopt. It looked like it was a roll forward budget. She stated that based on some of the fees of the consultants and now having more managers in this fund, they need to account for

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that in the budget as well.

6. Moved, supported and carried to receive correspondence from C.S. McKee regarding re-balance of assets.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Wednesday, November 12, 2014 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

Chairman asked Mr. Quinn for an update on the scanning process in regards to the Retirement System. Mr. Quinn stated he did not know if they had a time frame yet. Chairman Gray stated he thought originally it would be done in three different phases and now is under the understanding that it is all at once. Mr. Quinn stated he did not know and could not comment. Chairman Gray asked if the part-time person was spending part of the hours working helping on that. Mr. Quinn stated she was.

UNFINISHED BUSINESS: None

NEW BUSINESS:

Mr. Pohl from The Bogdahn group stated they did not have anything new. He stated for next week, he will be at the meeting. Mr. Brown may or may not as he has a potential conflict. The following monthly meeting, November 12th, Mr. Brown and Mr. Pohl had both originally scheduled it for Tuesday, November 11th and both were to go to Sioux Falls the next day. Mr. Pohl will go to Sioux Falls and Mr. Brown will be here for the Wednesday, November 12th meeting.

MISCELLANEOUS BUSINESS: None

ADJOURNMENT:

7. Moved, supported and carried to adjourn the meeting at 2:49 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE V.E.B.A. BOARD OF TRUSTEES COMMITTEE

October 14, 2014

IN THE BOARD OF COMMISSIONER'S CHAMBERS, LOCATED AT 515 CENTER AVENUE, 4TH FLOOR,
BAY CITY, MI 48708

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 2:41 P.M.

TRUSTEE	1	2	3	4	5	6	7	8	9	10
BRZEZINSKI	M-Y	M-Y	Y	Y	S-Y	M-Y	Y			
COONAN	E	E	E	E	E	E	E			
GRAY	Y	Y	Y	Y	Y	Y	Y			
GROMASKI	Y	Y	M-Y	Y	Y	Y	Y			
HEREK	S-Y	Y	Y	Y	M-Y	Y	M-Y			
MORSE	Y	Y	Y	Y	Y	S-Y	Y			
PETT	Y	S-Y	S-Y	M-Y	Y	Y	Y			
STARKWEATHER	Y	Y	Y	Y	Y	Y	Y			
GOETZ	Y	Y	Y	S-Y	Y	Y	S-Y			

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI										
COONAN										
GRAY										
GROMASKI										
HEREK										
MORSE										
PETT										
STARKWEATHER										
GOETZ										

CODE: M - MOVED; S - SUPPORTED; Y-YEA; N-NAY; A-ABSENT; E-EXCUSED

<u>VEBA 2014</u>	<u>DODGE & COX</u> no vendor number: Mutual Fund Mgmt fee opposed to separately managed mutual product fee from portfolio.	<u>CASH</u>	<u>ATLANTA SOSNOFF</u>	<u>LORD ABBOTT</u> no vendor number: Mutual Fund Mgmt fee opposed to separately managed mutual products fee from portfolio.	<u>CS MCKEE</u>	<u>TOTAL</u>
VENDOR #						
JAN	8,684,917.59	280,504.83	8,486,585.40	1061	6,452,745.50	3509
FEB	9,076,302.62	258,241.26	8,877,365.53	6,895,488.53	14,059,136.47	37,963,889.89
MARCH	9,197,790.99	418,774.26	8,692,813.41	6,908,048.62	14,127,139.37	39,242,278.70
APRIL	9,150,145.14	508,094.82	8,646,704.52	6,823,268.04	14,226,810.93	39,355,023.45
MAY	9,336,981.11	509,769.88	8,933,837.05	6,876,648.40	14,364,670.16	40,021,906.60
JUNE	9,610,180.90	496,137.10	9,102,020.73	7,105,869.97	14,384,760.87	40,698,969.57
JULY	9,521,999.31	534,840.33	8,966,227.17	6,763,607.63	14,378,152.55	40,164,826.99
AUG	9,814,504.08	774,602.63	9,283,029.73	6,989,689.17	14,518,311.73	41,380,137.34
SEPT	9,699,493.56	194,934.82	9,172,457.65	6,703,947.22	15,055,667.63	40,826,500.88
OCT	9,069,719.41	194,935.32	8,589,166.91	6,342,844.75	15,201,330.47	39,397,998.86
NOV					0.00	
DEC					0.00	
			ATLANTA SOSNOFF	LARGE CAP EQUITY		
			CS MCKEE	FIXED INCOME		
			DODGE & COX	LARGE CAP EQUITY		
			LORD ABBETT	SMALL MID CAP EQUITY		
			<u>ATLANTA SOSNOFF</u>	<u>ABBOTT</u>	<u>CS MCKEE</u>	<u>TOTAL</u>
				VENDOR 1061	VENDOR 3509	
2014						
1ST QTR		16,433.00			10,598.09	27,031.09
2ND QTR		16,297.00			10,787.77	27,084.77
3RD QTR		17,066.00			11,288.36	28,354.36
4TH QTR						0.00
		49,796.00			32,674.22	82,470.22

Atlanta Sosnoff

Capital, LLC • 101 Park Avenue, New York, NY 10178-0008 (212) 867-5000 Fax (212) 922-1820 www.atlantasosnoff.com



October 1, 2014

Ms. Rebecca Marsters
Retirement Administrator
Bay County Voluntary Employees' Beneficiary Association
Bay County Building
515 Center Ave., Suite 706
Bay City, MI 48708-5128

Dear Ms. Marsters:

Performance trailed our benchmarks fractionally for the September quarter. The market held in positive ground despite all the geopolitical tensions in the Mideast and Ukraine, unrest in Hong Kong and somewhat weaker economic indicators out of China and Euroland.

The case for elongation of the bull market in equities remains in place. Its composition is made of comparatively low interest rates, minimal inflation, and continued corporate profit growth. Low commodity prices for corn, soybeans, coal, iron ore, steel, nickel and most important oil are all plus factors. However, there will be interruptions just as there were through this cycle.

Europe is the latest worry. Even the strongest hand, Germany, is experiencing declining industrial production. Fears from the Ukrainian crisis hit closer to home there. The European Central Bank seems eager to try a QE of its own, but must wait for its sponsors to approve. Perhaps things there need to get worse before they can act. Meanwhile, the Euro ticks downward. Recall the fears of Euro break up from a few years ago. For us, the impact is low bond yields and reductions in translated earnings. The overall impact on our export volume will not be large, but the capital goods and industrial sectors will be hardest hit. For the Europeans, a lower currency will eventually help exports. Just wait a bit to buy that new BMW.

Pundits handicapping the timing of Fed rate increases will be adding some months to their calendars. The upside is that the decline in oil prices will filter through the economic system by the first quarter.

Our portfolio concentration continues to evolve. Emphasis holds in the financial sector and in technology, particularly stocks with low price-earnings valuation. We have cut back on energy commitments in integrated oils and oil service properties. Increases in the broadcasting and entertainment sector embrace Twenty First Century Fox and Time Warner.

If we're right about commodity deflation persisting and tortuously slow recovery in wages and salaries, anything more than mild monetary tightening makes no sense. No excesses today in the home mortgage sector which remains quiescent even with rates a great historical bargain. Any spike in consumer debt that's excessive dwells somewhere down the road.

How much heartburn can the bond market induce? Not much, but be aware the fixed income sector is as volatile as the Big Board. The resetting of higher interest rates can telescope itself into a matter of weeks, not several months. Our feel is the resetting in bonds happens over 8 weeks, not 8 months, when it comes.

With disinflation, bond rates are unlikely to anticipate much more than a 100 basis points rise for 10-year and 30-year paper. Our reference point is the real rate of return i.e. inflation adjusted. Hard to see 30-year Treasuries selling more than 200 basis points above the rate of inflation. If you believe in 2% inflation for the foreseeable future any sinking spell in bonds should be limited.

Reciprocals of escalating interest rates embrace banks and brokerage houses managing money market funds earning zilch and customer debit balances presently underearning, tied to nominal money market rates. This changes as the Fed leans toward tightening in coming quarters, but probably takes until 2016 for fully realizable earnings power, only partially discounted in stock prices today.

The heart of the technology sector is dirt cheap. Consider Cisco, Apple and Hewlett-Packard are laden with sizeable cash hoards and free cash flow. Each of them could opt to buy back 30% of their capitalization over the next couple of years. The technology sector, some 19% of the S&P 500 Index, sells on parity with the current multiplier for the market, 16 times earnings. It took only 25 years to get there!

With all good wishes,

Martin T. Sosnoff

Martin T. Sosnoff

Craig Steinberg

Craig B. Steinberg

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
PERFORMANCE STATISTICS

				Inception June 9, 2009 to Sep. 30, 2014	
	Three Months Ended <u>Sep. 30, 2014</u>	Nine Months Ended <u>Sep. 30, 2014</u>	Five Years Annualized <u>Sep. 30, 2014</u>	Total Return	Annualized Rate of Return
TOTAL	+0.77%	+4.65%	+11.27%	+88.22%	+12.64%
Composite Index (1)	+1.49%	+7.89%	+15.36%	+124.72%	+16.47%
EQUITY	+0.87%	+4.90%	+11.38%	+94.31%	+13.32%
Russell 1000 Growth Index	+1.49%	+7.89%	+16.50%	+140.55%	+17.97%
Russell 1000 Growth Index + 1.00%	+1.73%	+8.62%	+17.50%	+151.58%	+18.97%

(1) 65% RUSSELL 1000 GROWTH / 35% BC AGGREGATE BOND thru 01/20/12 ~ 100% RUSSELL 1000 GROWTH forward

ACCOUNT 49766 BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY
ASSOCIATION
MAXIMUM/ STANDARD EQUITY: 100%
PM: 100% RUSSELL 1000 GROWTH + 1%

September 30, 2014

The portfolio above should be compared to your custodial statement.

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SUMMARY OF INVESTMENTS

	<u>COST</u>	<u>MARKET VALUE</u>	<u>% OF PORT.</u>	<u>EST. ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
CASH AND EQUIVALENTS	348,029	348,029	3.8	679	0.20
COMMON STOCK	7,321,346	8,824,413	96.2	127,072	1.44
TOTAL PORTFOLIO	7,669,375	9,172,442	100.0	127,751	1.39

INDUSTRY ANALYSIS OF EQUITIES

	<u>MARKET VALUE</u>	<u>% OF EQUITY</u>	<u>EST. ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
MATERIALS	187,669	2.1	4,677	2.49
INDUSTRIALS	1,368,773	15.5	20,957	1.53
CONSUMER DISCRETIONARY	1,637,878	18.6	22,164	1.35
CONSUMER STAPLES	322,517	3.7	4,835	1.50
HEALTH CARE	1,456,043	16.5	15,665	1.08
FINANCIALS	1,418,881	16.1	19,805	1.40
INFORMATION TECHNOLOGY	1,727,900	19.6	21,800	1.26
ENERGY	704,752	8.0	17,170	2.44
TOTAL EQUITIES	8,824,413	100.0	127,072	1.44

The portfolio above should be compared to your custodial statement.

Atalanta Sosnoff

Account Statement - at 9/30/2014

Portfolio Summary

QTD
6/30/14 - 9/30/14

YTD
12/31/13 - 9/30/14

Beginning market value	\$14,383,683	\$13,853,735
Net additions and disbursements	624,994	624,994
Investment income	102,364	266,376
Portfolio appreciation / depreciation	-59,893	306,043
<i>Ending market value</i>	\$15,051,148	\$15,051,148

Performance
*(2/7/2012)**

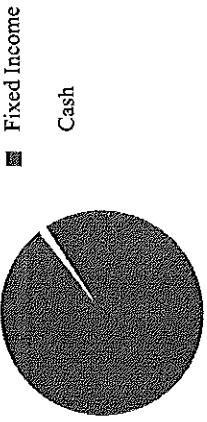
Actual

10

QTD
YTD
1 yr
10 yr

Fixed Income	0.29%	4.15%	4.19%	2.41%
BC Aggregate	0.17%	4.10%	3.96%	2.00%

Allocation



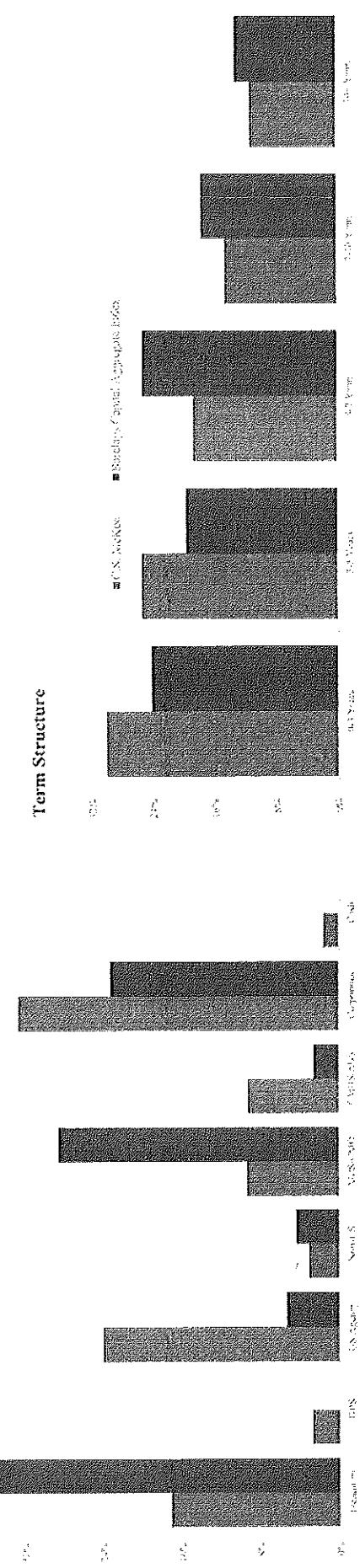
Actual

Aggregate Fixed Income

Portfolio Characteristics – at September 30, 2014

Benchmark Comparisons	C.S. McKee	Barclays Capital Aggregate Index	Variance	Top 10 Largest Holdings (Active Exposures)	Coupon	Maturity	Sector	% of Portfolio
Effective Duration	5.12 yrs	5.62 yrs	-0.50 yrs	UNITED STATES TREAS NTS	2.125	01/31/2021	Treasury	4.23
Average Convexity	-0.04	0.04	-0.08	UNITED STATES TREAS BDS	2.875	05/15/2043	Treasury	4.00
Average Maturity	6.56 yrs	7.39 yrs	-0.83 yrs	FEDERAL NATL MTG ASSN(U)	2.360	12/14/2022	Agency	2.55
Yield to Maturity	2.39 %	2.32 %	0.07 %	UNITED STATES TREAS NTS	1.625	08/31/2019	Treasury	1.99
Average Coupon	2.75 %	3.28 %	-0.53 %	FEDERAL HOME LOAN BANKS(U)	1.000	10/09/2024	Agency	1.88
Average Quality	Aa2	N/A	N/A	UNITED STATES TREAS NTS	1.250	10/31/2018	Treasury	1.84
Sector Allocation				UNITED STATES TREAS NTS	0.875	05/15/2017	Treasury	1.66
				FEDERAL HOME LOAN BANKS	0.500	10/15/2019	Agency	1.57
				FEDERAL FARM CR BKS	0.164	11/14/2016	Agency	1.56
				FEDERAL HOME LN MTG CORP(U)	1.000	09/24/2019	Agency	1.53

■ C.S. McKee ■ Standard & Poor's Aggregate Index



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INVESTMENT
MANAGERS

Aggregate Fixed Income

Performance Attribution – at September 30, 2014

	Third Quarter	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
CS McKee Aggregate	0.25	-4.05%	-1.75	\$0.09	8.62%	-7.05	8.73	7.17	7.61	5.07	5.56	4.74	4.52	16.52	8.92	14.58	-0.55%
Barclays Aggregate Index	0.17	4.10%	-2.02	4.22	7.84%	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.25	8.44	11.65	-0.82%
Value-Added Return	0.03	-0.05	0.29	0.87	0.78	0.51	2.80	1.93	0.64	0.74	1.13	0.40	0.32	0.07	0.48	-0.05	0.29
<i>Relative Performance Breakdown</i>																	
Duration Decision	-0.010	-0.445	0.310	-0.355	-1.065	-0.080	-0.340	0.060	-0.240	0.160	0.015	-0.120	0.020	-0.440	0.030	-0.06	-0.07
Yield Curve Decision	0.015	0.030	-0.070	-0.020	0.155	0.090	0.090	-0.260	-0.110	0.010	0.165	0.180	0.130	-0.230	-0.060	0.03	-0.01
Sector Allocation Decision	-0.015	0.060	0.050	0.240	0.110	-0.170	1.220	1.800	0.520	-0.040	0.250	-0.350	-0.280	-0.290	0.450	-0.340	0.330
US Agency Debt	0.000	0.110	-0.040	0.230	0.060	0.240	0.320	-0.220	-0.280	0.405	0.100	0.270	0.050	0.020	-0.060	-0.04	0.03
US Agency MBS/CMO	0.050	-0.100	-0.225	-0.155	0.170	-0.650	-1.660	0.015	0.530	-0.350	0.025	-0.475	-0.040	0.200	0.370	-0.05	0.10
Corporate Bonds	-0.070	0.065	0.330	0.645	-0.190	0.100	1.920	0.370	0.000	-0.050	0.065	-0.070	-0.180	0.090	0.150	-0.25	0.20
Other Government Bonds	0.015	-0.030	-0.230	0.085													
ABS	0.000	0.000	-0.005	0.015	0.000	0.000	-0.030	0.135	0.060	-0.010	0.000	-0.015	-0.020	0.000	0.000	0.00	0.00
CMBSS	-0.010	0.035	0.020	0.335	-0.015	0.140	0.640	0.500	0.210	-0.035	-0.010	-0.060	-0.090	-0.020	-0.010	0.00	0.00
Security Selection Decision	0.090	0.305	0.000	0.495	1.580	0.670	1.820	0.330	0.470	0.610	0.700	0.790	0.450	0.500	0.060	0.320	0.040
US Treasury (USTIPS)	-0.005	0.055	-0.115	0.290	0.355	-0.490	3.350	-1.490	0.070	0.020	0.100	0.000	0.130	0.230	0.090	-0.080	0.000
US Agency Debt	0.050	0.290	0.285	0.805	0.335	0.740	-0.420	0.170	-0.070	0.590	0.510	0.730	0.270	-0.070	0.060	0.020	0.020
US Agency MBS/CMO	-0.005	0.000	-0.030	0.045	0.095	0.090	0.030	-0.290	-0.010	-0.005	0.000	-0.060	-0.080	-0.060	0.010	-0.020	0.030
Corporate Bonds	0.025	-0.005	-0.035	-0.445	0.840	0.570	-0.460	1.250	0.480	0.005	0.090	0.120	0.230	0.360	0.030	0.360	-0.010
Other Government Bonds	0.010	-0.015	-0.075	0.205	0.900												
ABS	0.000	-0.010	0.010	-0.005	-0.015	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-0.100	-0.300	0.000	0.000	0.000
CMBSS	0.015	-0.010	-0.040	-0.290	-0.030	-0.240	-0.470	0.690	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

1. The CS McKee Aggregate is a diversified portfolio of bonds selected by the manager to represent the overall bond market. It is not a specific investment product.

2. Portfolio manager contribution to performance is determined by comparing the manager's performance against the CS McKee Aggregate.

3. The CMBSS is a collateralized debt obligation (CDO) that invests in a diversified pool of commercial mortgage-backed securities (CMBS).

Economic Perspective – Third Quarter 2014

Second-quarter GDP rebounded to +4.6% after contracting in the first three months. The expansion was led by stronger business and residential investment. Growing inventories and improved exports also contributed.

Consumer prices fell in the U.S. by 0.2% in August, led by declines in airline ticket prices. Inflation expectations (break-even spreads on 10-year TIPS) fell below 2% after the report — the lowest since June 2013. The BLS' adjustments to the process of calculating airline fares has led to increased volatility in the CPI report recently, leading us to believe that the figure for August will be revised upward.

The ECB announced plans to further stimulate the European economy and increase inflation expectations by purchasing ABS and covered bond securities. Expectations of QE by the ECB drove German 10-year yields to 0.86% - the lowest on record.

Foreign investor demand for U.S. Treasuries continued through the second quarter of 2014. Mutual funds, however, reversed course and became net-sellers of Treasuries.

Against non-farm payrolls disappointed, as only 142K jobs were created. Over the past 18 years, August payrolls have been reported lower than expectations 14 times and have subsequently been revised higher 50% of the time.

The San Francisco Fed published a research paper about the divergence between market expectations and the Fed's forecast of interest rate hikes, warning of complacency among investors over the timing of policy tightening.

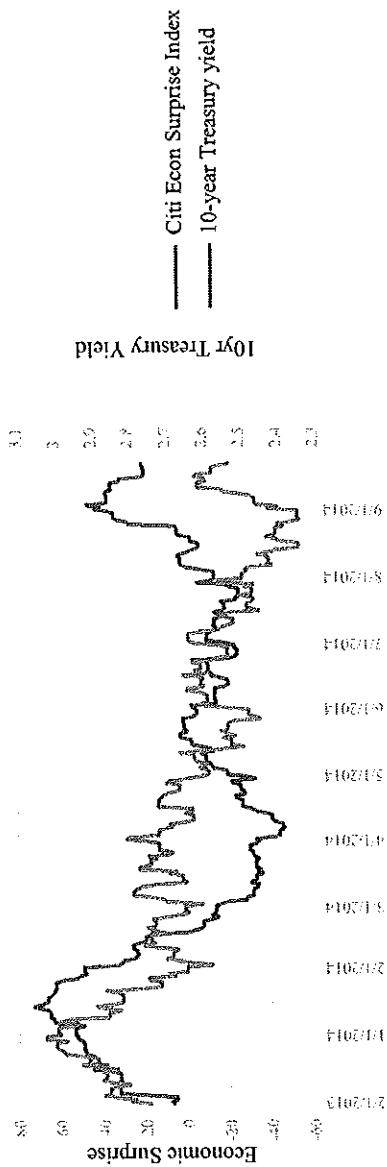
Diverging central bank policies between the U.S. and the EC have led to a stronger U.S. dollar. On a trade-weighted basis, the dollar is at its highest level since 2010 against a basket of other developed-market currencies.

Economic Surprise

2014 was forecast to be the year that the economy shifted into higher gear and Treasury yields rose, led by the Fed's exit from quantitative easing. Harsh winter weather in the first quarter derailed the majority of economists' forecasts as U.S. GDP contracted by 2.1% and ten-year Treasury yields dropped nearly 70 basis points. The rebound in second quarter growth (4.6%) and the expected 3% growth in the third and fourth quarters appear to confirm the temporary nature of the slowdown.

One of several economic indicators of the rebound in activity was Citi's Economic Surprise Index. This indicator measures the degree to which economic data exceed or fall short of market expectations. It has some value when compared to the level of Treasury yields, often foreshadowing or confirming a change in the direction of bond market prices. Since bottoming in April of this year, the Economic Surprise Index has risen, shaking off the first quarter's weather-induced weakness. The graph below, however, shows that 10-year Treasury yields continued declining before bottoming in mid-August, despite the upward move in the Economic Surprise Index. International market influences, including slow European market growth and low yields, contributed to the continued demand for Treasuries, though domestic growth pointed to higher yields.

Economic Surprise vs. 10-year Treasury Yield



With the recent cease-fire in the Russia/Ukraine conflict and the Israel/Palestine war, investors' focus has shifted back to domestic events. Improvement in the jobs market, strong growth in the second quarter, and a subtle hawkish shift in Fed rhetoric has led markets to believe that the weakness during the first half of 2014 was a temporary setback due to abnormal weather. The bounce-back witnessed in the Economic Surprise Index and the relative calm in Eastern Europe should lead to higher Treasury yields as the economy continues to expand and expectations of a Fed rate hike grow.

The average corporate bond spread widened 15 basis points to 112 bps above Treasury rates. Increased issuance in September and expectations of future rate hikes by the Fed has raised concern among investors regarding market liquidity.

30-Year U.S. Treasuries continued their strong year-to-date performance. Decreasing inflation expectations and demand from foreign investors pushed yields 16 bps lower for the quarter to finish at 3.19%. The 5-year-30 year yield curve flattened by 29 bps.

The Fed continued tapering asset purchases and is expected to conclude QE3 at October's FOMC meeting. With the exit of the Fed from the long Treasury market, we expect increased net supply to weigh on bond performances in the near future.

TIPS break-even narrowed to the lowest point since June 2013 on a weak August CPI report, strengthening the dollar, as well as belief that Bill Gross's departure from PIMCO will lead to selling pressure on the asset class.

Sovereign yield differentials widened

Further with the divergence of policy between the ECB and Federal Reserve. The difference between the 10-year German bund and 10-year Treasury difference continued to expand, finishing the quarter at 154 bps. We expect a test of the record spread of 169 bps as the Fed considers policy normalization and the ECB moves towards full blown QE.

Market-based measures estimating the first Fed rate hike now predict that the first move will occur in September 2015. Expectations advanced after the Fed indicated that slack in the labor market may be primarily due to structural weakness—not cyclical—as previously believed suggesting that the natural rate of unemployment may be higher than assumed.

Bond Market Liquidity

Last October, in “The Continuing Role of Core Fixed Income” in Five Minutes with C. S. McKee, we focused on the lasting—and important—role of high-quality core fixed income in a balanced portfolio. The diversification benefits of this asset class are, in our opinion, unrivaled. Now, one year later, market liquidity is a timely topic.

One effect of the many Fed stimulus measures has been to produce a favorable environment for bond investors across the credit spectrum. Risk has been rewarded at nearly every level. Carried by what is currently more than \$4 trillion in Fed reserves, both the bond market and the number of investment vehicles (ETFs in particular) available to institutional and retail investors have grown substantially since 2008.

What has gone largely unnoticed until recently: the reduced liquidity accompanying this growth.

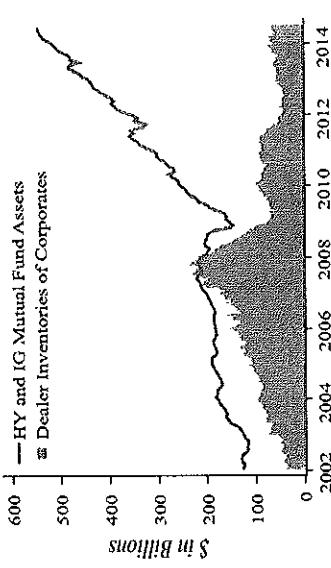
Consider the details. The average daily trading volume of dollar-denominated bonds has fallen 20% since 2008, and dealer inventories are 75% below their 2007 levels.^{1,2} Keep in mind, the market grew some 15%, to more than \$38 trillion, during the same period. The graph to the right shows an example of this growing imbalance—especially pronounced in the credit sectors. Dealer inventory (a proxy for much-needed liquidity to the market) is near 2002 levels, while flows into investment-grade and high-yield funds have skyrocketed.

As the Fed closes the spigot of central bank liquidity, we find lower trade volume, lower bond inventory levels, and artificially suppressed interest rates, sector spreads and market volatility – a challenging environment for risk-taking in bonds in our opinion. So how does an investor effectively hedge exposure to equity and equity-like risk assets while providing portfolio liquidity? Higher risk asset classes such as high yield (+0.64 to +0.68 correlated to equity returns over the past twenty years) and bank loans (+0.64 to +0.69) are unlikely to be the most prudent choice.

Strict adherence to a quality and liquidity discipline results in greater portfolio flexibility. Portfolio flexibility, in turn, helps us to accomplish two important objectives—reallocating efficiently among portfolio holdings, and fulfilling the role of “liquidity provider” within our client’s total portfolio. Increasing risk in pursuit of higher returns comes at the expense of portfolio diversification and liquidity. There is no free lunch.

Footnotes:
1. TD Securities

Dealer Inventories Falling as Mutual Fund Assets Rise



Fixed Income – Third Quarter, 2014

The Fed continued tapering asset purchases and is expected to conclude QE3 at October's FOMC meeting. With the exit of the Fed from the long Treasury market, we expect increased net supply to weigh on bond performance in the near future.

3Q-14: US Treasuries continued their strong year-to-date performance. Decreasing inflation expectations and demand from foreign investors pushed yields 16 bps lower for the quarter to finish at 3.19%. The 5-year 30-year yield curve flattened by 29 bps.

The average corporate bond spread widened 15 basis points to 172 bps above Treasuries. Increased issuance in September and expectations of future rate hikes by the Fed has raised concern among investors regarding market volatility.

TIPS break-even narrowed to the lowest point since June 2013 on a weak August CPI report. Bullion strengthening, as well as belief that Bill Gross's departure from PIMCO will lead to selling pressure on the asset class.

Market-based measures estimating the first FOMC-like move indicate that the first move will occur in September 2015. Expectations ushered after the Fed indicated that slack in the labor market may be primarily due to structural weakness – not cyclical, as previously believed – suggesting that the natural rate of unemployment may be higher than assumed.

Portfolio Highlights

Conflicting global economic data and unsettling geopolitical events over the past three months kept investors second guessing the future path of interest rates and risk assets. Uncertainty regarding US growth was alleviated after a report of second-quarter GDP exceeded expectations and labor markets regained their robust trend. Tenuous ceasefires in Ukraine and Palestine damped global risk concerns and reduced safe haven demand for treasuries. Conversely, weak data from the Eurozone and Japan spilled over into US Treasury yields sending ten-year notes to their lows of the year at 2.30%. Diverging central bank policies tugged at interest rates with opposite effects: the ECB's announcement of asset purchases in September to fight slow growth and disinflation in the EU was offset by discussions in the U.S. over the timing of the first rate hike; perhaps sooner than expected.

The 5-year / 30-year Treasury curve twisted flatter in the third quarter as a hawkish shift in the Fed's projections sent intermediate maturities higher in yield. This, while strong foreign purchases of longer bonds pushed 30yr yields 16 basis points lower for the quarter. Several tactical duration and yield curve trades added to performance. The allocation to TIPS was reduced early in the quarter, due to negative seasonal biases and a surprisingly weak August CPI report. With inflation expectations at the lowest in over a year, the TIPS market again warrants closer attention, as break-even appear to offer value.

Exposure to agency debt increased modestly throughout the quarter, adding to our substantial overweight in the sector. Agency step-up notes were added to the portfolio using the proceeds from our sale of nominal treasuries. These securities have final maturities in the five to seven year range and the potential for coupon increases, providing additional yield and a defensive risk profile in anticipation of rising interest rates.

We remained slightly overweight credit and significantly underweight MBS during the quarter, with performance from each position canceling the effects of the other. Increased corporate supply in September and future liquidity fears weighed on corporate spreads, leading to negative excess returns for the quarter. Our high-quality bias and underweight to long-maturity corporate debt partially offset the negative contribution from our sector overweight. MBS spreads came under pressure as the Fed continued to reduce monthly asset purchases, thus removing a major buyer from the sector.

We continue our defensive duration positioning as 10-year Treasury yields retest their late August lows. Higher interest rates are expected by year-end as the Fed moves closer to policy normalization. The cessation of QE in late October will also lead to a net increase in MBS supply, which should weigh on the sector's performance. We believe the recent underperformance in credit may allow for an opportunity to increase our exposure. As always, we will remain opportunistic in the event of market dislocations, preferring to be a provider of liquidity, instead of seeking liquidity when it is most needed.



INVESTMENT
MANAGERS

Bay County VEEBA

Investment Summary - at 9/30/2014

Asset Class	Total Cost	Weight at Cost	Market Value	Accrued Income	Total Value	Weight at Market
Fixed Income	\$14,859,622.71	98.68%	\$14,770,989.95	\$81,714.53	\$14,852,704.48	98.68%
Cash	\$198,443.89	1.32%	\$198,443.89	\$0.00	\$198,443.89	1.32%
Total Portfolio	\$15,058,066.60	100.00%	\$14,969,433.84	\$81,714.53	\$15,051,148.37	100.00%



1601 Elm Street, Suite 3900
Dallas, Texas 75201

214.720.0055
800.247.6729

Founded 1977

Member NYSE, FINRA, NFA, SIPC

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 7/31/2014

TOTAL COMMISSION

COMMISSION ALLOCATION

	<u>July</u>	<u>YTD</u>	<u>Execution</u>	<u>July</u>	<u>YTD</u>	<u>Recapture</u>
Beginning Balance	\$ 617.00	\$ 1,178.00				
U.S. Equity						
International Equity						
Fixed Income						
International Fixed Income						
New Issues						
Options						
Futures						
Foreign Currency						
Syndicates						
Recapture Subtotals	\$ 617.00	\$ 1,178.00				
Execution			\$ 0.00			
Directed			\$ 0.00			
Correspondent Broker/Dealer			\$ 0.00			
Total	\$ 617.00	\$ 1,178.00				
Total Earned					\$ 462.75	\$ 883.50
Total Redeemed					\$ 420.75	\$ 420.75
Balance as of 7/31/2014					\$ 462.75	\$ 462.75



CAPITAL
INSTITUTIONAL
SERVICES, INC.

1601 Elm Street, Suite 3900
Dallas, Texas 75201

214.720.0055
800.247.6729

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Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 7/31/2014

Summary of Segregated Account Detail

	July	YTD
Payment from Segregated Account	\$ 420.75	\$ 420.75
	\$ 420.75	\$ 420.75

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	July	Prior Months	YTD	Mixed Use %
Payment from Segregated Account							
June 2014	Commission Recapture	295328 Bay Count	07/14/2014	\$ 420.75	\$ 0.00	\$ 420.75	
		Payment from Segregated Account Total		\$ 420.75	\$ 0.00	\$ 420.75	
		Grand Total		\$ 420.75	\$ 0.00	\$ 420.75	

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CAPITAL
INSTITUTIONAL
SERVICES, INC.

1601 Elm Street, Suite 3300
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214.720.0055
800.247.6729

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 8/31/2014

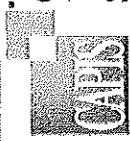
TOTAL COMMISSION

COMMISSION ALLOCATION

	Execution	YTD	Recapture	YTD
	August	August	August	August
Beginning Balance	\$ 1,076.16	\$ 2,254.16	\$ 269.04	\$ 462.75
U.S. Equity				
International Equity				
Fixed Income				
International Fixed Income				
New Issues				
Options				
Futures				
Foreign Currency				
Syndicates				
Recapture Subtotals	\$ 1,076.16	\$ 2,254.16	\$ 269.04	\$ 563.54
Execution	\$ 0.00	\$ 0.00		
Directed	\$ 0.00	\$ 0.00		
Correspondent Broker/Dealer	\$ 0.00	\$ 0.00		
Total	\$ 1,076.16	\$ 2,254.16		
Total Earned			\$ 807.12	\$ 1,690.62
Total Redeemed			\$ 462.75	\$ 883.50
Balance as of 8/31/2014			\$ 807.12	\$ 807.12

Account Executive: Jon Lantz
Phone: (214) 978-4778

Sales Assistant: Christilla Moreno
Phone: (214) 978-4743



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Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 8/31/2014

Summary of Segregated Account Detail

	August	YTD
Payment from Segregated Account	\$ 462.75	\$ 883.50
	\$ 462.75	\$ 883.50

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	August	Prior Months	YTD	Mixed Use %
Payment from Segregated Account							
June 2014	Commission Recapture	29528Bay Count	07/14/2014			\$ 420.75	
July 2014	Commission Recapture	29608 Bay Count	08/14/2014		\$ 462.75		\$ 883.50
		Payment from Segregated Account Total			\$ 462.75		\$ 883.50
		Grand Total			\$ 462.75		\$ 883.50

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Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 9/30/2014

TOTAL COMMISSION

	Execution	YTD	September	YTD	Recapture
Beginning Balance					
U.S. Equity		501.00	2,755.16		
International Equity		-	-		
Fixed Income		-	-		
International Fixed Income		-	-		
New Issues		-	-		
Options		-	-		
Futures		-	-		
Foreign Currency		-	-		
Syndicates		-	-		
Recapture Subtotals		\$ 501.00	\$ 2,755.16		
Execution		\$ 0.00	\$ 0.00		
Directed		\$ 0.00	\$ 0.00		
Correspondent Broker/Dealer		\$ 0.00	\$ 0.00		
Total		\$ 501.00	\$ 2,755.16		

Total Earned	\$ 375.75	\$ 2,066.37
Total Redeemed	\$ 807.12	\$ 1,690.62
Balance as of 9/30/2014	\$ 375.75	\$ 375.75



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Bay County Employees' VEBA

CAPIIS Account: 10250

Settlement Month Ending: 9/30/2014

Summary of Segregated Account Detail

		September	YTD
Payment from Segregated Account		\$ 807.12	\$ 1,690.62
		\$ 807.12	\$ 1,690.62

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	September	Prior Months	YTD	Mixed Use %
Payment from Segregated Account							
June 2014	Commission Recapture	295528Bay Count	07/14/2014			\$ 420.75	
July 2014	Commission Recapture	296081Bay Count	08/14/2014			\$ 462.75	
August 2014	Commission Recapture	296650Bay Count	09/15/2014	\$ 807.12		\$ 883.50	
		Payment from Segregated Account Total		\$ 807.12		\$ 1,690.62	
		Grand Total		\$ 807.12		\$ 883.50	
						\$ 1,690.62	

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Account Executive: Jon Lantz
Phone: (214) 978-4778

Sales Assistant: Christilla Moreno
Phone: (214) 978-4743

Bay County Michigan

11/05/2014 13:21
RPriessnitz

BAY COUNTY MI
YEAR-TO-DATE BUDGET REPORT

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FOR 2014 10

ORIGINAL APPROP.	TRANSFRS/ ADJUSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
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7360 PUBLIC EMPLOYEE HEALTH CARE

73627401 VOL. EMPLOYEE BENEF. ASSOC. BOARD

RA FUND BALANCE, NET AS						
73627401 40001 FUND BALANCE	0	0	0	0	.00	.0%
73627401 40004 NET ASSETS - RESERV	1,394,185	0	1,394,185	0	.00	.0%
TOTAL FUND BALANCE, NET AS	1,394,185	0	1,394,185	0	.00	.0%

RJ LOCAL UNIT CONTRIBUT

73627401 59401 ER CONTR-BEHAVE. HEA	0					
73627401 59402 ER CONTR-MOSQUITO.C	0					
73627401 59403 ER CONTR-HEALTH FUN	0					
73627401 59404 ER CONTR-ROAD COMM	0					
73627401 59405 ER CONTR-LIBRARY	0					
73627401 59407 ER CONTR-GOLF COURS	0					
73627401 59408 ER CONTR-GENERAL FU	0					
73627401 59409 ER CONTR-DWS	0					
73627401 59410 ER CONTR-911 SERVIC	0					
73627401 59411 ER CONTR-CHILD CARE	0					
73627401 59412 ER CONTR-DIV ON AGI	0					
73627401 59413 ER CONTR-RETIRE. SYS	0					
73627401 59415 ER CONTR-GYPSY. MOTH	0					
73627401 59416 ER CONTR-HOME REHAB	0					
73627401 59418 ER CONTR-100% TAX P	0					
73627401 59419 ER CONTR-MED CARE.F	0					
73627401 59424 ER CONTR-SELF INSUR	0					
73627401 59427 ER CONTR-COMM CORRE	0					
73627401 59429 ER CONTR-F.O.C. FUN	0					
73627401 59430 BR CONTR-HOUSING_EU	0					
73627401 59433 ER CONTR-SOLDIER RE	0					
73627401 59499 ER CONTR-SHERIFF DE	0					
TOTAL LOCAL UNIT CONTRIBUT	0	0	-301,191.55	.00	301,191.55	100.0%
RP INTEREST & RENTALS						
73627401 66400 INVESTMENT INTEREST	-500,000	0	-259,407.11	.00	-240,592.89	51.9%*

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Bay County Michigan

11/05/2014 13:21
KPrlessnitz

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

FOR 2014 10

	ORIGINAL APPROP	TRANSFRS/ADJUSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73_627401_66500 GAIN_ON SALE_OF INV	-1,100,000	0	-1,100,000	-661,045.80	.00	-438,954.20	60.01%*
73_627401_66501 UNREALIZED_GAIN_ON	0	0	0	.00	.00	.00	.0%
TOTAL INTEREST & RENTALS	-1,600,000	0	-1,600,000	-920,452.91	.00	-679,547.09	57.5%
RR OTHER REVENUE							
73_627401_67104 MISCELLANOUS REVENU	0	0	0	.00	.00	.00	.0%
73_627401_69000 COMMISSION RECAPTUR	0	0	0	.00	.00	.00	.0%
TOTAL OTHER REVENUE	0	0	0	.00	.00	.00	.0%
XE WAGES & SALARIES							
73_627401_71000 PER DIEM	360	0	360	.00	.00	360.00	.0%
TOTAL WAGES & SALARIES	360	0	360	.00	.00	360.00	.0%
XI SUPPLIES							
73_627401_72700 OFFICE SUPPLIES	100	0	100	.00	.00	100.00	.0%
73_627401_72800 PRINTING_AND BINDIN	150	0	150	.00	.00	150.00	.0%
73_627401_72900 POSTAGE	100	0	100	.00	.00	100.00	.0%
73_627401_75100 COMPUTER_SUPPLIES	50	0	50	.00	.00	50.00	.0%
TOTAL SUPPLIES	400	0	400	.00	.00	400.00	.0%
XL OTHER SERVICES AND C							
73_627401_80100 PROFESSIONAL SERVIC	100,000	0	100,000	89,720.22	.00	10,279.78	89.78*
73_627401_80101 ACTUARIAL SERVICES	35,000	0	35,000	.00	.00	35,000.00	.0%
73_627401_81400 INVESTMENT/BANK SER	30,000	0	30,000	14,040.25	.00	15,559.75	46.88%
73_627401_81700 LEGAL FEES	7,500	0	7,500	.00	.00	7,500.00	.0%
73_627401_81900 CONSULTANTS	30,000	0	30,000	3,625.00	.00	26,375.00	12.1%
73_627401_86600 LOCAL TRAVEL MILEAG	0	0	0	.00	.00	.00	.0%
73_627401_94601 EQUIPMENT_RENTAL-CO	55	0	55	.00	.00	55.00	.0%

Bay County Michigan

11/05/2014 13:21
KPriessnitz

BAY COUNTY, MI
YEAR-TO-DATE BUDGET REPORT

FOR 2014 10

	ORIGINAL APPROP.	TRANSERS/ADJUSTMNTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
73627401 95600 INDIRECT COST EXPEN	0	0	0	200,827.04	.00	-200,827.04	100.0%
73627401 96200 LOSS ON DISPOSAL OF	0	0	0	.00	.00	.00	0%
73627401 96201 UNREALIZED LOSS ON	0	0	0	.00	.00	-263.90	110.6%*
73627401 96500 INSURANCE AND BONDS	2,500	0	2,500	2,763.90	.00		
TOTAL OTHER SERVICES AND C	205,055	0	205,055	310,976.41	.00	-105,921.41	151.7%
TOTAL VOL. EMPLOYEE BENEF. ASSOC. BOARD	0	0	0	-910,668.05	.00	910,668.05	100.0%
TOTAL PUBLIC EMPLOYEE HEALTH CARE	0	0	0	-910,668.05	.00	910,668.05	100.0%
TOTAL REVENUES	-205,815	0	-205,815	-1,221,644.46	.00	1,015,829.46	
TOTAL EXPENSES	205,815	0	205,815	310,976.41	.00	-105,161.41	
GRAND TOTAL	0	0	0	-910,668.05	.00	910,668.05	100.0%

** END OF REPORT - Generated by Kim Priessnitz **

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Bay County Michigan

11/05/2014 13:25
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BAY COUNTY, MI
NEXT YEAR BUDGET LEVELS REPORT

PROJECTION: 2015 BUDGET PROJECTION

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1
FOR PERIOD 99

		2013		2014		2015		2015		2015	
PUBLIC EMPLOYEE HEALTH CARE		REVISED	BUD	REVISED	BUD	DEPARTMENT	FINANCE	EXECUTIVE	FINANCE	COMMISSION	
73627401 VOL.EMPLOYEE BENEF. ASSOC. BOARD											
RA	FUND BALANCE, NET AS										
73627401 40001	FUNDBALANCE	13,535.00	.00	.00	.00				.00	.00	.00
73627401 40004	NETASTSRSV	-99,400.00	1,394,185.00	1,394,185.00	1,394,185.00	1,388,139.00	1,388,139.00	1,388,139.00	1,388,139.00	1,388,139.00	1,388,139.00
TOTAL	FUND BALANCE, NET AS	-85,865.00	1,394,185.00	1,394,185.00	1,394,185.00	1,388,139.00	1,388,139.00	1,388,139.00	1,388,139.00	1,388,139.00	1,388,139.00
RJ	LOCAL UNIT CONTRIBUT										
73627401 59401	EMRCONBKH	.00	.00						.00	.00	.00
73627401 59402	EMPLRCOMC	.00	.00						.00	.00	.00
73627401 59403	EMPLRCNHF	.00	.00						.00	.00	.00
73627401 59404	EMPLRCONRC	.00	.00						.00	.00	.00
73627401 59405	EMPLRCNLB	.00	.00						.00	.00	.00
73627401 59407	EMPLRCONGC	.00	.00						.00	.00	.00
73627401 59408	EMPLRCONGF	.00	.00						.00	.00	.00
73627401 59409	EMPLCONDWS	.00	.00						.00	.00	.00
73627401 59410	EMPRCON911	.00	.00						.00	.00	.00
73627401 59411	EMPRCONCCF	.00	.00						.00	.00	.00
73627401 59412	EMPLCONDIA	.00	.00						.00	.00	.00
73627401 59413	EMPRCONRET	.00	.00						.00	.00	.00
73627401 59415	EMPRCONGMF	.00	.00						.00	.00	.00
73627401 59416	EMPRCONHRF	.00	.00						.00	.00	.00

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Bay County, Michigan

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BAY COUNTY, MI
NEXT YEAR BUDGET LEVELS REPORT

PROJECTION: 2015 BUDGET PROJECTION

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FOR PERIOD 99

		2013		2014		2015		2015	
		REVISED	BUD	REVISED	BUD	DEPARTMENT	FINANCE	EXECUTIVE	COMMISSION
	PUBLIC EMPLOYEE HEALTH CARE								
73627401 59418	EMRCON100%	.00		.00		.00		.00	
73627401 59419	EMPRCONMCF	.00		.00		310,000.00			
73627401 59424	EMPRCONSIF	.00		.00		.00		.00	
73627401 59427	EMRCNCMCOR	.00		.00		.00		.00	
73627401 59429	EMPRCONFOC	.00		.00		.00		.00	
73627401 59430	EMPRCONHSG	.00		.00		.00		.00	
73627401 59433	EMPRCONSIL	.00		.00		.00		.00	
73627401 59499	EMRCONBCSD	.00		.00		.00		.00	
TOTAL LOCAL UNIT CONTRIBUT		.00		.00		.00		.00	
RP INTEREST & RENTALS									
73627401 66400	INVINTRDIV	.00	-500,000.00		-500,000.00		-500,000.00		-500,000.00
73627401 66500	INVTSLGAIN	.00	-1,100,000.00		-1,100,000.00		-1,100,000.00		-1,100,000.00
73627401 66501	UNRLZDGAIN	.00	.00		.00		.00		.00
TOTAL INTEREST & RENTALS		.00	-1,600,000.00		-1,600,000.00		-1,600,000.00		-1,600,000.00
RR OTHER REVENUE									
73627401 67104	MISC REV	.00		.00		.00		.00	
TOTAL OTHER REVENUE		.00		.00		.00		.00	
XE WAGES & SALARIES									
73627401 71000	PER DIEM	360.00		360.00		360.00		360.00	

Bay County Michigan

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BAY COUNTY, MI
NEXT YEAR BUDGET LEVELS REPORT

PROJECTION: 2015 BUDGET PROJECTION

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FOR PERIOD 99

PUBLIC EMPLOYEE HEALTH CARE		2013 REVISED BUD	2014 REVISED BUD	2015 DEPARTMENT	2015 FINANCE	2015 EXECUTIVE	2015 COMMISSION
TOTAL WAGES & SALARIES		360.00	360.00	360.00	360.00	360.00	360.00
XI SUPPLIES							
73627401 72700 OFFICE SUP	.00	50.00	100.00	100.00	100.00	100.00	100.00
73627401 72800 PRNT&BIND	.00	150.00	150.00	150.00	150.00	150.00	150.00
73627401 72900 POSTAGE	.00	100.00	100.00	100.00	100.00	100.00	100.00
73627401 75100 COMPSUPPLY	.00	50.00	50.00	50.00	50.00	50.00	50.00
TOTAL SUPPLIES		350.00	400.00	400.00	400.00	400.00	400.00
XL OTHER SERVICES AND C							
73627401 80100 PROFSNL	.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
73627401 80101 ACTUARIAL	.00	35,000.00	37,000	37,000	37,000	37,000	37,000
73627401 81400 INVST/BANK	.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
73627401 81700 LEGAL FEES	.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00
73627401 81900 CONSULTANT	.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
73627401 86600 LCLTRVMILE	.00	.00	.00	.00	.00	.00	.00
73627401 94601 EQPRNTCOPY	.00	55.00	55.00	55.00	55.00	55.00	55.00
73627401 95600 IDC EXP	.00	.00	6,052.00	6,046.00	6,046.00	6,046.00	6,046.00
73627401 96200 ASSETDISLS	.00	.00	.00	.00	.00	.00	.00
73627401 96201 URZDLSSINV	.00	.00	.00	.00	.00	.00	.00
73627401 96500 INS/BONDS	.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
TOTAL OTHER SERVICES AND C							
TOTAL VOL.EMPLOYEE BENEF.ASS							
TOTAL PUBLIC EMPLOYEE HEALTH							
TOTAL REVENUE	-85,155.00	205,055.00	211,107.00	211,101.00	211,101.00	211,101.00	211,101.00
TOTAL EXPENSE	-85,865.00	-205,815.00	-205,815.00	-205,815.00	-205,815.00	-205,815.00	-205,815.00
GRAND TOTAL	.00	.00	6,052.00	6,046.00	6,046.00	6,046.00	6,046.00

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Bay County Michigan

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| BAY COUNTY, MI
| NEXT YEAR BUDGET LEVELS REPORT

PROJECTION: 2015 BUDGET PROJECTION

PUBLIC EMPLOYEE HEALTH CARE	2013	2014	2015	2015	2015	2015
	REVISED BUD	REVISED BUD	DEPARTMENT	FINANCE	EXECUTIVE	COMMISSION

** END OF REPORT - Generated by Kim Priessnitz **

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